Health-sector reform in China and access to essential medicines

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Published in:
The Lancet Global Health

DOI:
10.1016/S2214-109X(13)70077-9

Publication date:
2013

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See **Articles** page e227

In 2009 the Chinese Government embarked on the most comprehensive health-sector reform since the economic reform of the 1970s, with a systematic plan to achieve universal health care by 2020. One of the key pillars of the reform is the establishment and implementation of a national essential medicines policy to ensure the safety, quality, supply, and affordability of medicines. In this issue of *The Lancet Global Health*, Yu Fang and colleagues[1] report the effect of the reform on access to affordable essential medicines in Shaanxi Province in western China.

Their main observation is that the availability of a standard basket of generic essential medicines in the public sector, which was already low in 2009 at 25·5%, further decreased to 20·5% in 2011. A similar decrease from 42·0% to 35·3% was seen with generic medicines in private pharmacies. At the same time the median price of 29 generic medicines fell, by 5·2% in the public sector and 4·7% in private pharmacies; the prices of 16 originator brand products reduced by around 8–11% in both sectors.

This is the first longitudinal price and availability survey since 2009 to follow the standard WHO/Health Action International (HAI) protocol.[2] It presents valuable information to national programme managers and health policy makers about the effect of the health-care reform. Yet the study has two limitations. First, the standard WHO/HAI basket of essential medicines might not be fully representative of usual prescribing practices in China. This point could underestimate availability because alternative medicines might be in stock. For example, amoxicillin tablets are produced by hundreds of local manufacturers in China. The survey only targeted the 500 mg strength, yet the 2012 Chinese Essential Medicines List recommends 125 mg and 250 mg.[3] Low availability of the 500 mg strength might be misleading, since other strengths were probably available instead. The researchers mitigated this problem by adding 17 locally preferred essential medicines to the study. Unfortunately, the availability of these proved as poor as the standard basket.

The second limitation is that the researchers present very few data on affordability beyond reporting a price decrease corrected for inflation. Many other papers on the effect of the health reform[4,5] claim a positive effect on access to medicines on the basis of price reduction. The paper by Fang and colleagues[1] shows that such price reductions can come with significant decreases in availability. Price reductions mean little if the cheaper medicines are not available. The study therefore gives additional evidence that classic pricing policies often do not work for generic medicines. If maximum prices for generic medicines are imposed, local manufacturers might simply move production capacity towards products for which the prices are not controlled, such as non-essential medicines or unnecessary combination products; or focus on products for exportation.[6]

For price reductions to have a real effect on affordability, more is therefore needed. A 5–10% price reduction, as shown in this study, does not mean much if the product was excessively expensive in the first place. The link between price and affordability also depends very much on income level. Shaanxi is a province in western China with a large proportion of rural inhabitants and large disparities in social and economic development between rural and urban areas. Within the three income levels studied in the province, the price of a medicine might be affordable in one area and not in another. More detailed affordability studies are therefore needed, linking the catastrophic expenditure potential of a medicine to various income percentiles, as done by Niëns and colleagues.[7] For example, in the Philippines, originator-brand atenolol would push an additional 22% of the population below the lowest poverty line of US$1·25 per day, compared with 7% for the generic product.[7] In China, the purchasing power of the new health insurance funds should now be used to the full to restrict reimbursement to medicines on the provincial list of essential medicines, and to limit the level of reimbursement to the median or mean price of available generic products of assured quality. Additionally, reimbursement should be linked to quality of care, by strengthening the links between the essential medicines list and agreed standard treatment guidelines. However, only when hospitals are no longer financially dependent on the sale of medicines will doctors no longer feel the pressure to prescribe medicines outside the reimbursement list.

What can we conclude from this excellent paper? First, the concept of essential medicines is not yet widely

accepted in this part of China, a finding that is linked to the incomplete reform of the financing mechanism of public hospitals. Second, since the six areas in the province implemented the "zero-mark-up policy" in different stages between June, 2009, and the end of 2011, a two time-point comparison can only paint a partial picture of the changes, and further longitudinal data are needed. Finally, detailed affordability studies are also needed. These studies should include household consumption surveys, since with the current system the very poor might not use health facilities at all. Besides reporting on the level of catastrophic health expenditure, these studies should also record how the households have coped, for example by not starting the treatment, borrowing money, or selling economic assets such as cattle or land.[8] Only such detailed information can convince and assist policy makers in ensuring access to affordable essential medicines for all people in the province.

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We declare that we have no conflicts of interest.

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